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SHORE TO SHORE CORPORATION LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the annual meeting of Shore to Shore Corporation Limited will be held at The Cambridge Twin Cinemas, 150 Holiday Inn Drive, Cambridge (Hespeler), Ontario on the 13th day of March, 1973, at 2:30 p.m. (Eastern Standard Time) for the following purposes:

1. To receive and consider the Annual Report of the Corporation, the financial statements for the year ended November 30, 1972, together with the report of the auditors;
2. To elect Directors;
3. To appoint auditors;
4. To transact such further and other business as may properly come before the meeting or any adjournment thereof.

A copy of the Annual Report, Proxy and Information Circular accompanies this notice.

Shareholders who are unable to attend the meeting in person are requested to date and sign the enclosed form of proxy and return it in the stamped addressed envelope provided for that purpose.

Dated at Kitchener this 12th day of February, 1973.

By Order of the Board of Directors.

GORDON A. MACKAY, Q.C., Assistant Secretary

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INFORMATION CIRCULAR

Solicitation of Proxies

This information circular is furnished in connection with the solicitation of proxies by and on behalf of Management of SHORE TO SHORE CORPORATION LIMITED (hereinafter called the Corporation) for use at the Annual General Meeting of the Shareholders of the Corporation to be held on Tuesday, March 13th, 1973, at 2:30 p.m. (Eastern Standard Time) at The Cambridge Twin Cinemas, 150 Holiday Inn Drive, Cambridge (Hespler), for the purposes set out in the accompanying Notice of Meeting. Solicitation will be primarily by mail, the cost of which will be borne by the Corporation. Proxies may also be solicited personally by regular employees of the Corporation at nominal cost.

Appointment and Revocation of Proxies

The persons named in the enclosed form of Proxy are Directors of the Corporation. A shareholder desiring to appoint some other person to represent him at the meeting may do so either by inserting such person's name in the blank space provided in the form of Proxy and striking out the names of the two specified persons or by completing another form of Proxy and in either case delivering the completed Proxy to the Assistant Secretary of the Corporation.

A shareholder who has given a Proxy may revoke it either

- (a) by signing a Proxy bearing a later date and delivering it to the Assistant Secretary of the Corporation, or
- (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such Proxy, by signing written notice of revocation and delivering it to the Assistant Secretary of the Corporation or the Chairman of the meeting.

Exercise of Discretion by Proxies

The persons named in the enclosed form of Proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. In the absence of such direction such shares will be voted for the approval of the Directors' report and the financial statements for the year ended November 30th, 1972; for the election of Directors and for the appointment of auditors.

The enclosed form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the

notice of meetings and with respect to other matters which may properly come before the meeting. At the time of printing this circular, the management of the Corporation knows of no such amendment, variation or other matters to come before the meeting other than the matters referred to in the notice of meeting.

Voting Shares

On February 12th, 1973, the Corporation had outstanding 2,287,145 common shares without par value, each carrying the right to one vote per share so that the aggregate number of votes attaching to all of the outstanding shares is 2,287,145. Only shareholders of record at the time of the meeting will be entitled to vote at the meeting. From the list of shareholders of the Corporation, the only persons or companies to the knowledge of the Directors and officers of the Corporation who or which beneficially own directly or indirectly more than 10% of the voting rights attached to all voting shares of the Corporation are the following:

<i>Names of Shareholders</i>	<i>Number of Shares</i>	<i>Percentage of Total Issued</i>
Armel Properties Limited	310,187	13.56%
Shanvest Limited	485,989	21.25%

Election of Directors

The Board consists of 9 Directors to be elected annually. The persons named in the enclosed form of Proxy intend to vote for the election of the nominees whose names are set forth below. All of the nominees are now members of the Board of Directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a Director but if that should occur for any reason prior to the meeting, the persons named in the enclosed form of Proxy reserve the right to vote for another nominee in their discretion. Each Director elected will hold office until the next Annual Meeting or until his successor is appointed. The following table and notes thereto state the names of all persons proposed to be nominated for election as Directors, all other positions and offices with the Corporation now held by them, the year in which they first became Directors of the Corporation, and the number of common shares of the Corporation beneficially owned directly or indirectly by each of them as of the 12th day of February, 1973.



Nominees and Position with Corporation	Principal Occupation at Present and Within the Last Five Years	Became Director	Shares of Shore to Shore Corporation Ltd.	Shares of District Trust Company
BENTLEY I. BALDWIN London, Ontario	President, District Trust Company	1970	100	1,683
SIDNEY BROWN, <i>Secretary</i> Guelph, Ontario	Secretary-Treasurer, B & R. Motors Limited	1968	200,390	100
FREDERICK M. HALLS London, Ontario	Retired	1972	16,500	—
RAYMOND J. HARE, <i>President</i> Kitchener, Ontario	President of the Corporation from 1968 to date	1968	210,974	50
GORDON A. MACKAY, Q.C. <i>Assistant Secretary</i> Kitchener, Ontario	Partner, Bray, Schofield, Mackay, Kirvan & Guy Barristers and Solicitors	1968	3,000	—
DONALD B. MARTIN Elmira, Ontario	President, Martin Feed Mills Limited	1968	30,066	—
MILO D. SHANTZ, <i>Vice-President</i> Kitchener, Ontario	Vice-President of the Corporation	1968	701	50
MELVYN WOLFOND Guelph, Ontario	Secretary, Treasurer, Armel Properties Limited	1968	28,504	75
LESTER W. ZEHR Kitchener, Ontario	President, Zehr's Markets Limited	1968	120,447	150

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Notes:

(a) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

(b) Each of the above-named persons was elected to his present term of office at the last Annual General Meeting.

Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid or payable by the Corporation and its consolidated subsidiaries in the fiscal year ended November 30th, 1972, to the Directors of the Corporation as such was nil, and to the Senior Officers and/or the five highest paid employees of the Corporation was \$134,640 and by its non-consolidated subsidiary District Trust Company to the Senior Officers and/or the five highest paid employees of the Company was \$24,830.

Stock Option Plan

The Corporation's Stock Option Plan, confirmed by shareholders on the 24th of February, 1970, an amendment to which was confirmed by the shareholders on the 14th of March, 1972, provided that options for the purchase of authorized but unissued common shares in the Capital Stock of the Corporation could be granted to certain employees of the Corporation and its subsidiaries at a price to be fixed by the Directors, provided that this price was not less than 90% of the average between the high and low sale price per common share for the week previous to the date of granting such options.

During the year ended 30th November, 1972, options to purchase 39,500 common shares in Capital Stock of the Corporation were granted to Directors and senior officers of the Corporation and its non-consolidated subsidiary, District Trust Company, pursuant to the Stock Option Plan June 24th, 1972, at an option price of \$3.50 per share for a stated number of such shares, \$4.00 per

1971
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(150,082)
(30,429)
504,468
(1.4¢)
23.2¢
\$15,261,299

share for a stated number of such shares, \$4.50 per share for a stated number of such shares, and \$5.00 per share for the balance of such shares being an aggregate average price for all such shares of \$4.44. The price range of the common shares of the Corporation in the 30 day period preceeding the date of granting of these options was \$3.50 to \$3.85 per share based on the Toronto Stock Exchange quotations.

The options expire on the 24th of June, 1977. None of these options were exercised on the date hereof.

Appointment of Auditors

The persons named in the enclosed form of Proxy intend to vote for the re-appointment of Messrs. Thorne Gunn & Co., Chartered Accountants, Kitchener, as auditors of the Corporation to hold office until the next Annual Meeting of Shareholders at a remuneration to be fixed by the directors.

General

Information contained herein is given as of February 12th, 1973. The management knows of no matters to come before the Annual Meeting of Shareholders other than the matters referred to in the Notice of Meeting. If any matters which are not known should properly come before the meeting, the accompanying form of Proxy will be voted on such matters in accordance with the best judgment of the persons voting it.

Dated the 12th day of February, 1973.

By order of the Board of Directors.

GORDON A. MACKAY, Q.C., Assistant Secretary



Profile

Shore to Shore Corporation Limited is the corporate descendant of five companies officially amalgamated on Nov. 29, 1968. This amalgamation laid the foundation for Shore to Shore's strength in the fields of real estate development, recycling waste and pollution control and turkey breeding, its majority interest in a trust company, and its emergence as an international operation.

In the four years since these five companies became one, Shore to Shore Corporation's abiding policy has been to accumulate assets and make investments which both generate immediate earnings and offer sound potential for longer-range earnings. The company's success in pursuing this policy is documented in its financial statements.

Highlights

Years ended November 30	1972	1971
Earnings		
Total sales and rental income	\$ 7,947,149	\$ 7,423,780
Share of earnings of District Trust Company	80,170	55,275
Earnings (loss) before income taxes and extraordinary items	475,083	(150,082)
Earnings (loss) before extraordinary items	319,860	(30,429)
Net earnings for the year	574,265	504,468
Earnings per share		
Earnings (loss) before extraordinary items	14.6¢	(1.4¢)
Net earnings for the year	26.2¢	23.2¢
Dividends per share		
	2.5¢	
Total assets	\$16,467,229	\$15,261,299

President's Report

To put it simply, 1972 was a year of exceptional growth and record financial performance for Shore to Shore Corporation Limited.

The most dramatic gain of the year was in total assets under your company's control, which soared to well over \$50 million. (Total consolidated assets of Shore to Shore at the fiscal year end on Nov. 30, 1972, were \$16,467,229. At Oct. 31, 1972, non-consolidated assets of District Trust Company of London, Ontario, in which your company has a 53 per cent interest, were \$36,055,722. These combined assets amount to \$52,522,951 — a 37.4 per cent increase over the \$38,217,266 in assets controlled by Shore to Shore in 1971.)

Moreover, your company's sales and rental income reached \$7,947,149, net earnings rose to \$574,265, earnings per share increased to 26.2¢ and Shore to Shore paid its first dividend. Perhaps the most vivid reflection of our progress was in earnings before income taxes and extraordinary items of \$475,080, compared to a loss of \$150,082 during the previous fiscal year. The details of our achievement in 1972 are set out in the annual report and consolidated financial statements, which I have the pleasure to submit.

Several other developments deserve comment in a review of 1972. One of the most far-reaching developments is your company's majority interest in District Trust, which increased in 1972 from 50.3 per cent to 53 per cent. And in its own right, District Trust's 1972 fiscal year was outstandingly successful. Its total assets were up 57 per cent, revenue was up 42 per cent and earnings per share were up 36 per cent. District Trust is expanding vigorously. Last spring it opened a Toronto office, and moved into more spacious quarters in a new building in Kitchener to cope more effectively with a larger volume of business.

Shore to Shore has in recent years assisted District Trust by making available experienced, key people. 1972 was no exception. Robert Christopher was appointed vice-president of District Development Corporation Limited, a new real estate development subsidiary of District Trust, John Riding became manager of the Toronto branch, and Peter Eudoxie was named operations co-ordinator for the Kitchener-Waterloo and Cambridge area.

In the real estate phase of its operations, Shore to Shore concentrated its energies on completing and opening the Parkway Mall Shopping Centre. The name was changed to Cambridge Shoppers Mall, consistent with the amalgamation of the neighbouring communities of Galt, Preston and Hespeler into a new city called Cambridge. The shopping centre's net carrying charges were reduced during 1972 and the centre was fully rented. It will add to Shore to Shore's earnings this year and more significantly in future years.

The financial outlook is also highly favourable for Rothsay Concentrates Co. Limited, your company's waste and pollution control operation (and Canada's second largest recycling plant handling waste from meat and poultry processors). During 1972, general manager Dick Corner and his staff at Rothsay Concentrates continued to work on new products from industrial organic waste, which could open up new markets for Rothsay in Canada and abroad.

Speaking of international markets, during 1972 Shore to Shore took a substantial financial interest in a plant in Austria that recycles about a third of that country's waste from meat and poultry processors. One of Shore to Shore's experts on recycling, George Piller, spent several months streamlining and upgrading the equipment and operation of the Austrian plant. He worked closely with our astute Austrian partners in the venture, notably Komm. Rat Franz Prach. This collaboration sparked a rate of productivity and profitability that exceeded our expectations.

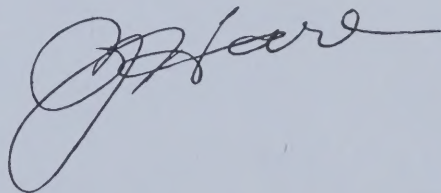
For Hybrid Turkeys Limited, another wholly-owned subsidiary of Shore to Shore, sales of breeding stock reached record levels during 1972. Hybrid's market for turkey hatching eggs expanded in Canada and in other countries. In Ontario alone, Hybrid's commercial hatchery at Schomberg supplied 40 per cent of the provincial market for small white turkeys. Hybrid's managing director, Dr. William Stevens, Ross Shantz and Len Weeden continue to enhance the company's international stature as a producer of highly reproductive, fast-growing and healthy DIAMOND WHITE turkeys.

Shore to Shore's prospects for 1973 are, in a word, dynamic. In the 1971 annual report we predicted assets under your company's control would increase by about \$10,000,000. As it turned out, the increase was actually about \$14,000,000. We expect assets to grow by about \$20,000,000 during the current fiscal year. We're confident of this expansion because Shore to Shore has built up a strong management team within our family of companies. We're also confident that your company will continue to set records during 1973 because of a number of excellent opportunities at hand.

I should also note that Robert A. Schultz was appointed vice-president and treasurer, replacing David R. Howey, who resigned as treasurer from the company during the year.

Finally, Shore to Shore accomplished a great deal during 1972, and we did it mainly because of the loyalty, ingenuity, enthusiasm and splendid co-operation of everyone in the company and its subsidiaries. The Board of Directors and I appreciate their efforts and offer them our thanks.

On behalf of the Board,



R. J. Hare
President



Real Estate

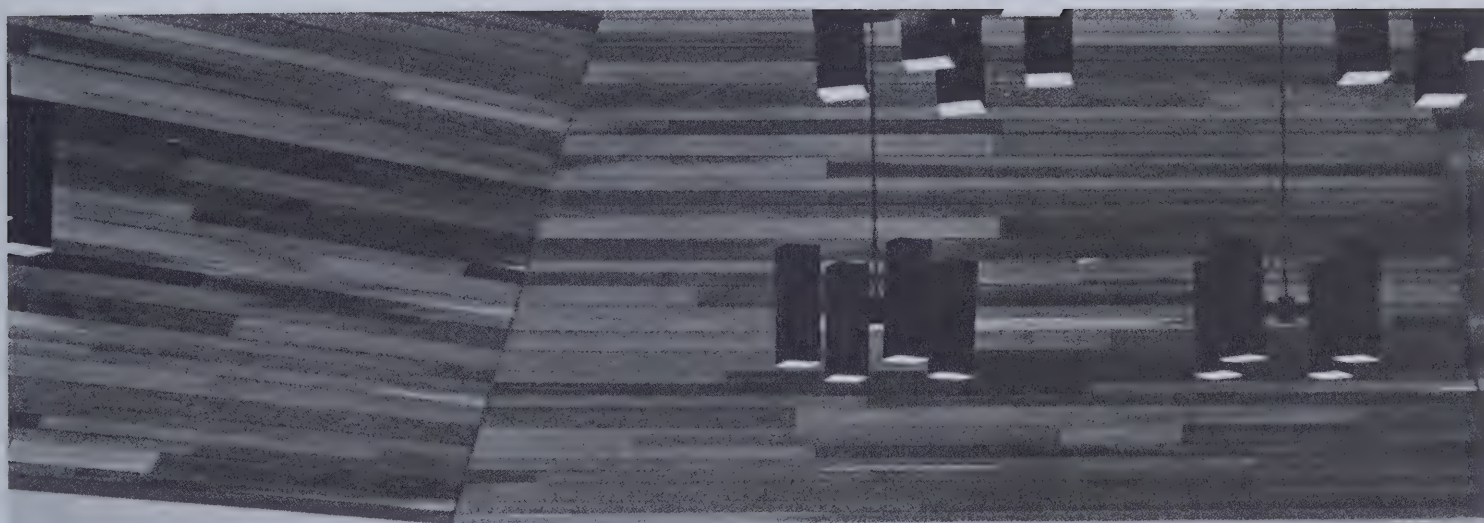
Shore to Shore's real estate holdings consist mainly of a balanced portfolio of raw, undeveloped land held for sale or development, and developed, income-producing properties like the 210,000 square foot Cambridge Shoppers Mall. Most of the company's income producing properties are in fact shopping plazas in the Kitchener-Waterloo and Guelph areas. Rental income from these properties is currently more than \$1,100,000 a year. We estimate the company's real estate portfolio at a market value of more than \$13,000,000 which in turn represents about \$4,000,000 appreciation in excess of recorded book value.

During 1972, District Trust Company set up a wholly-owned subsidiary, District Development Corporation Limited, to become actively involved in real estate ventures. District Trust also purchased the assets of Lauer Real Estate Limited in Kitchener to facilitate its operations in this field.

This year, the Edinburgh Shopping Centre in Guelph, which is being developed with another company, will be completed. Construction of another shopping centre in Waterloo is planned for 1973.

Cambridge Shoppers Mall, a 210,000 square foot regional shopping centre, completed and fully rented in 1972 (top), an interior view (right), and Lincoln Plaza in Waterloo.





District Trust

The financial advantages of Shore to Shore's majority interest in District Trust Company become progressively more gratifying each year. Your company's share of the \$151,264 District Trust earned in its 1972 fiscal year, for example, was \$80,170. And day-by-day, the mutual benefit of a close and professional working relationship between the two companies becomes more apparent.

Melvyn Wolfond, a director of Shore to Shore, was appointed to the executive committee of District Trust and named a director of District Development Corporation Limited. District Trust has expanded to a phenomenal degree in recent years. Within the past two years, in fact, District Trust more than doubled its size, with assets today of more than \$36,000,000.

In October, 1972, the company completed a rights issue to shareholders, which increased its share capital by \$1,000,000. This will allow District Trust additional growth in its borrowings to more than \$51,000,000. The potential for Shore to Shore's participation in the prosperity of District Trust is exciting to contemplate.



District Trust's new Kitchener office. K. L. Cunningham (left), general manager of District Trust Company, and John Riding, manager of District Trust's Toronto office.



Recycling Waste and Pollution Control

Rothsay Concentrates Co. Limited stressed product innovation and improving the quality of its high-protein animal feed during the fiscal year. The Rothsay plant also began recycling waste from bakeries during 1972, in keeping with its constant search for new and profitable ways to serve the waste reclaiming needs of the province. These developments were bolstered by increasing the plant's professional staff, as well as its capabilities through new equipment.

By the end of the year, the plant at Rothsay was processing 6,000 to 8,000 tons of raw material a month, and producing some 2,800 tons of finished product a month. At the turn of the fiscal year, the market prices for Rothsay's products hit record levels, which are expected to continue well into 1973.

Subsequent to the year end, Shore to Shore's DisposALL service of garbage and solid waste removal from shopping centres and commercial buildings became a wholly-owned subsidiary of Rothsay Concentrates, under the new name of Dynamic DisposALL Trucking Limited. The two companies operate some 50 truck and trailer units between them.



Rothsay Concentrates recycling plant (top), one of Dynamic DisposALL Trucking's container units, and testing of high protein concentrates at Rothsay's laboratory.

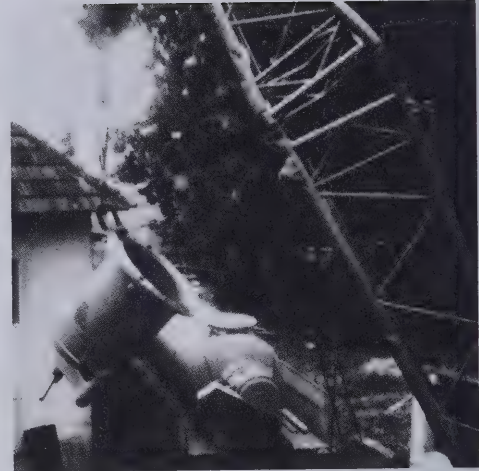


International Operations

In 1972 Shore to Shore acquired a substantial interest in a recycling plant in Austria. Shore to Shore and an affiliated company have a 55 per cent interest in this venture, with the remaining 45 per cent interest being held by prominent Austrian businessmen.

Shore to Shore sent George Piller to reorganize the Austrian operation, streamline, and in some cases replace the existing equipment, and generally put the plant on its feet. At this time the plant is operating under the capable management of Adam Piller, at full and productive capacity, and turning a profit, before it was expected.

The future is unlimited for this operation, and could be the springboard for similar enterprises in other parts of Europe. The plant, which is about 130 miles south of Vienna, will be an important cornerstone of Shore to Shore's international activity.



Komm. Rat Franz Prach, (left) President of the Austrian recycling operation, and Dr. Franz Kodolitsch, Company lawyer; installation of plant equipment (top), and an exterior view of the Austrian plant.

Hybrid Turkeys Limited

This wholly-owned subsidiary of Shore to Shore develops and markets turkey breeding stock, and hatches and sells day-old turkey poults in Ontario and Quebec. The breeding stock is distributed in eight European countries, two South American countries and in North America.

Export sales account for slightly more than 25 per cent of Hybrid's gross income. Hatching eggs and breeding stock valued at \$643,000 were exported outside Canada during 1972, compared to \$382,000 during the 1971 fiscal year. At Hybrid's hatchery near Schomberg, Ontario, some 2,455,000 turkeys were hatched, compared to 2,338,000 last year.

The company is working toward increasing its share of the international markets, particularly in the United States. The world market for turkeys can be expected to broaden significantly. We expect that Hybrid's turkeys will fulfill a major share of that demand.



Egg grading at Hybrid's New Hamburg research farm (top), and a photo of a Hybrid seminar which attracted delegates from several countries.

Consolidated Statement of Earnings

Shore to Shore Corporation Limited
and consolidated subsidiary companies

Years ended November 30	1972	1972	1972	1971
	Real Estate	Agricultural & Manufacturing	Total	Total
Sales and rental income	\$ 936,528	\$7,010,621	\$7,947,149	\$7,423,780
Costs and expenses				
Cost of sales and operating expenses	220,495	5,591,145	5,811,640	5,823,833
Administrative expenses	59,355	418,604	477,959	527,768
Depreciation and amortization (note 4)	117,896	377,773	495,669	556,380
Interest on long term debt less \$77,778 capitalized (1971, \$55,380)	627,647	139,321	766,968	722,325
	1,025,393	6,526,843	7,552,236	7,630,306
	(88,865)	483,778	394,913	(206,526)
Share of earnings of District Trust Company			80,170	55,275
Investment income				1,169
Earnings (loss) before income taxes and extraordinary items			475,083	(150,082)
Income taxes				
Current (recoverable)			47,428	(60,866)
Deferred (reduction)			33,528	(61,517)
Subject to reduction			74,267	2,730
			155,223	(119,653)
Earnings (loss) before extraordinary items			✓ 319,860	✓ (30,429)
Extraordinary items				
Gain on sale of income producing fixed assets (note 7)			180,138	532,167
Income tax reduction realized on carry forward of prior years' losses of subsidiary company			74,267	2,730
			254,405	534,897
Net earnings for the year (note 4)			\$ 574,265	\$ 504,468
Earnings per share (notes 4 and 10)				
Earnings (loss) before extraordinary items			14.6¢	(1.4¢)
Extraordinary items			11.6¢	24.6¢
Net earnings for the year			26.2¢	23.2¢

Consolidated Statement of Retained Earnings

Shore to Shore Corporation Limited
and consolidated subsidiary companies

Years ended November 30	1972	1971
Balance at beginning of year	\$1,004,995	\$ 500,527
Net earnings for the year	574,265	504,468
	1,579,260	1,004,995
Dividends on common shares	54,676	
Balance at end of year	\$1,524,584	\$1,004,995

Auditors' Report

To the Shareholders of
Shore to Shore Corporation Limited

We have examined the consolidated balance sheet of Shore to Shore Corporation Limited and consolidated subsidiary companies as at November 30, 1972 and the consolidated statements of earnings, retained earnings and source and use of cash for the year then ended. Our exami-

nation included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 30, 1972 and the results of their operations and the source and use of their cash for the year then ended, in accordance with generally accepted accounting principles

which, except for the change in accounting for depreciation described in note 4 to the consolidated financial statements, have been applied on a basis consistent with that of the preceding year.

Thorne Gunn & Co.
Chartered Accountants

Kitchener, Ontario
January 26, 1973

Consolidated Balance Sheet

Shore to Shore Corporation Limited
and consolidated subsidiary companies

November 30	1972	1971
Assets		
Accounts and notes receivable	\$ 738,520	\$ 622,982
Inventories, other than land (note 2)	461,753	355,134
Income taxes recoverable		91,513
Land inventories, at cost plus net carrying charges	1,396,440	1,688,895
Prepaid expenses	171,831	224,210
Mortgages and notes receivable	214,044	308,111
Investment in non-consolidated subsidiary company, District Trust Company (note 3)	1,768,326	1,120,346
Investment in and advances to affiliated companies, at cost	330,986	213,385
Income producing fixed assets, at cost less accumulated depreciation of \$1,752,214 (1971, \$1,333,261) (note 4)	10,863,092	9,943,160
Deposits and deferred charges (note 5)	518,305	687,081
Organization expense less amortization	3,932	6,482
	\$16,467,229	\$15,261,299

Approved by the Board
R. J. Hare, Director
M. D. Shantz, Director

	1972	1971
Liabilities		
Bank advances (note 6)	\$ 2,416,281	\$ 1,826,378
Accounts payable and accrued liabilities	868,411	1,073,079
Notes payable	128,231	367,361
Income taxes payable (note 7)	21,782	
Mortgages on land inventories (note 8)	579,183	564,755
Mortgages on income producing fixed assets (note 8)	6,955,478	6,655,876
Purchase contracts, payable \$15,500 monthly	244,058	418,500
Deferred income taxes (note 7)	497,351	516,485
Interest of minority shareholders in a consolidated subsidiary company	304	304
	11,711,079	11,422,738
Shareholders' Equity		
Capital stock (note 9)	3,231,566	2,833,566
Retained earnings	1,524,584	1,004,995
	4,756,150	3,838,561
	\$16,467,229	\$15,261,299

Consolidated Statement of Source and Use of Cash

Shore to Shore Corporation Limited
and consolidated subsidiary companies

Years ended November 30	1972	1971
Source of cash		
Net earnings for the year	\$ 574,265	\$ 504,468
Items not involving current funds		
Depreciation and amortization	657,052	723,236
Deferred income taxes	(6,352)	(21,446)
Share of earnings of District Trust Company in excess of dividends received of \$20,754 (1971, \$11,852)	(59,416)	(43,423)
	1,165,549	1,162,835
Sale of income producing fixed assets	174,485	1,224,391
Proceeds from mortgages payable	722,617	
Issue of capital stock	398,000	
Net change in other assets and liabilities	152,739	
Increase in bank advances	589,903	136,331
	\$3,203,293	\$2,523,557
Use of cash		
Additions to income producing fixed assets	\$1,300,087	\$ 913,110
Investment in shares of District Trust Company	588,564	585,337
Decrease in mortgages payable	408,587	307,889
Decrease in notes payable	239,130	243,639
Decrease in accounts payable and accrued liabilities	204,668	231,557
Payments on purchase contracts	174,442	108,500
Investments in and advances to affiliated companies	117,601	
Increase in accounts and notes receivable	115,538	4,009
Dividends on common shares	54,676	
Net change in other assets and liabilities		129,516
	\$3,203,293	\$2,523,557

Notes to Consolidated Financial Statements

Shore to Shore Corporation Limited
and consolidated subsidiary companies

1 Basis of consolidation

The consolidated financial statements include the accounts of Shore to Shore Corporation Limited, Hybrid Turkeys Limited and Rothsay Concentrates Co. Limited for the year ended November 30, 1972 and the accounts of Allcross Enterprises Limited for the year ended September 30, 1972.

2 Inventories, other than land

Inventories other than land are valued at the lower of cost and net realizable value and are classified as follows:

	1972	1971
Agricultural	\$338,178	\$246,577
Manufactured	123,575	108,557
	\$461,753	\$355,134

3 Investment in non-consolidated subsidiary company, District Trust Company

The accounts of District Trust Company are not consolidated since its operations are subject to regulations which restrict the interchangeability of assets. During the year the company acquired 42,203 shares of District Trust Company pursuant to an offer to shareholders of rights to subscribe for one additional share for each two shares held and purchased 3,900 additional shares on the open market (of which 3,200 were acquired in a share exchange — note 9). As at November 30, 1972 the company held a 53% interest in District Trust Company. The investment is recorded at cost plus the proportionate share of earnings less dividends received and the statement of earnings reflects the proportionate share of earnings of the subsidiary company for its year ended October 31, 1972 in the amount of \$80,170 (1971, \$55,275).

4 Income producing fixed assets

	1972	1972	1972	1971
	Cost	Accumulated depreciation	Net	Net
Land	\$ 1,448,985		\$ 1,448,985	\$1,470,613
Buildings	7,847,026	\$ 790,995	7,056,031	5,978,786
Parking lots and landscaping	405,372	122,432	282,940	320,585
Machinery and equipment	2,428,733	546,315	1,882,418	1,892,800
Vehicles	411,031	274,488	136,543	219,257
Patents	74,159	17,984	56,175	61,119
	\$12,615,306	\$1,752,214	\$10,863,092	\$9,943,160

Effective December 1, 1971 the company adopted the sinking fund method of providing for depreciation on income producing buildings over their remaining useful life at November 30, 1971 which is the usual practice of the real estate industry. Income producing buildings acquired after the effective date will be depreciated over 40 years.

The sinking fund method writes off the cost of the building in a series of annual instalments increasing at the rate of 5% compounded annually. Under this method depreciation charged to income in later years will be substantially higher than the amounts charged in earlier years.

The company had previously followed the straight line method of charging depreciation, using rates to depreciate the buildings over their estimated useful life. This change in accounting practice for depreciation has resulted in a decreased charge of \$87,754 and an increase in the earnings before extraordinary items and the net earnings for the year of \$45,632 and an increase in earnings before extraordinary items and net earnings for the year of 2.1 cents per share. Accumulated depreciation and retained earnings to November 30, 1971 have not been restated to give retroactive effect to this change in accounting practice.

5 Deposits and deferred charges

	1972	1971
Deposits	\$ 5,628	\$ 32,302
Deferred cost of purchase contracts less amortization	417,795	565,450
Other deferred charges less amortization	94,882	89,329
	\$518,305	\$687,081

Deferred charges including the cost of purchase contracts are amortized on a straight line basis over the life of the contracts to which they relate.

6 Bank advances

Bank advances are secured by a pledge of inventories, accounts receivable, securi-

ties and the following fixed and floating charge debentures and mortgages:

	1972	1971
Floating charge debenture		
Shore to Shore Corporation Limited	\$2,000,000	\$2,000,000
Fixed and floating charge debenture		
Hybrid Turkeys Limited	500,000	500,000
Collateral mortgages on three properties		
Shore to Shore Corporation Limited	1,000,000	1,500,000
	\$3,500,000	\$4,000,000

7 Income taxes

The company has filed notices of objection to re-assessments of prior years' income taxes which were received and paid during the 1971 fiscal year. If the company's appeal of these re-assessments should be unsuccessful, additional income taxes of approximately \$34,000 would have to be provided.

Included in net earnings for the current year are gains arising from the sale of

income producing fixed assets of \$180,138 (1971, \$532,167) on which no income taxes have been provided as it is the company's contention that these are capital gains not subject to taxation. The gain on sale includes an increase resulting from deferred tax adjustment of \$39,880 (a reduction of \$40,071 in 1971) related to the sale of depreciable property included in these amounts.

8 Mortgages on land inventories and income producing fixed assets

Mortgages payable bear an average

interest rate of 10.1% (1971, 10.0%) and are repayable as to principal as follows:

	1972	1972	1972	1971
	On Land Inventories	On Income Producing Fixed Assets	Total	Total
1972				\$ 322,288
1973	\$ 75,111	\$ 586,375	\$ 661,486	857,047
1974	10,637	1,061,317	1,071,954	880,539
1975	86,206	744,880	831,086	634,456
1976	11,819	1,032,634	1,044,453	1,092,001
1977	43,468	198,311	241,779	289,590
1978	11,889	194,730	206,619	276,339
1979	42,360	342,456	384,816	467,318
1980	9,564	113,029	122,593	183,206
1981	10,119	95,721	105,840	127,762
1982	10,719	83,601	94,320	117,680
1983 and subsequent years	267,291	2,502,424	2,769,715	1,972,405
	\$579,183	\$6,955,478	\$7,534,661	\$7,220,631

Included in mortgages payable on income producing fixed assets is an amount of \$656,000 (1971, \$742,000) which is addi-

tionally secured by a floating charge debenture on the assets of Rothsay Concentrates Co. Limited.

9 Capital stock

1972

1971

Authorized

500,000 7% Cumulative Class A preference
shares, redeemable at par value
of \$10 per share
3,000,000 7% Non-cumulative Class B preference
shares, redeemable at par value
of \$1 per share

7,000,000 Common shares without par value

Issued

2,287,145 Common shares (1971, 2,171,145 shares)

\$3,231,566

\$2,833,566

During the year the company granted 100,000 common shares under a stock option plan to executives and key employees. The option period may extend up to five years and the options are exercisable at prices ranging from \$3.50 to \$5.00 per share.

The company also issued during the year 100,000 common shares for a cash consideration of \$3.50 per share and 16,000 common shares in exchange for 3,200 shares of District Trust Company.

10 Earnings per share

Earnings per share have been calculated using the weighted average number of shares outstanding in the year.

11 Subsequent event

By Articles of Incorporation dated December 11, 1972, Dynamic DisposALL Trucking Limited, a wholly-owned subsidiary company of Rothsay Concentrates Co. Limited, was incorporated to carry on the former operations of the DisposALL division of Shore to Shore Corporation Limited. Operations of this subsidiary commenced January 1, 1973.

12 Comparative figures

The 1971 figures have been reclassified on the basis of the 1972 financial statement presentation.

13 Other statutory information

1972

1971

Aggregate direct remuneration of directors and senior officers (as defined by The Business Corporations Act)

As directors

nil

nil

As senior officers of the company and consolidated subsidiary companies

\$134,640

\$128,571

As senior officers of non-consolidated

subsidiary company, District Trust Company

24,830

23,600

Depreciation

488,175

556,380

Amortization

168,877

166,856

Directors

Raymond J. Hare,
Kitchener, Ontario.
Chairman of the Board & President,
Shore to Shore Corporation Limited.

Bentley I. Baldwin,
London, Ontario.
President,
District Trust Company.

Sidney Brown,
Guelph, Ontario.
Secretary-Treasurer,
B & R Motors Limited.

Frederick M. Halls,
London, Ontario.
Vice-President,
District Trust Company.

Gordon A. Mackay, Q.C.,
Kitchener, Ontario.
Partner,
Bray, Schofield, Mackay, Kirvan & Guy.

Donald B. Martin,
Elmira, Ontario.
President,
Martin Feed Mills Limited.

Milo D. Shantz,
Kitchener, Ontario.
Vice-President,
Shore to Shore Corporation Limited.

Melvyn Wolfond,
Guelph, Ontario.
Secretary-Treasurer,
Armel Properties Limited.

Lester W. Zehr,
Kitchener, Ontario.
President,
Zehr's Markets Limited.

Officers

Effective Jan. 26, 1973

Raymond J. Hare,
Chairman of the Board & President

Robert A. Schultz, C.A.,
Vice-President & Treasurer

Milo D. Shantz,
Vice-President

Sidney Brown,
Secretary

Gordon A. Mackay, Q.C.,
Assistant Secretary

Head Office:
100 Ottawa Street North,
Kitchener, Ontario.

Transfer Agent and Registrar:
The Canada Trust Company,
110 Yonge Street,
Toronto, Ontario.

Auditors:
Thorne Gunn & Co.

Bankers:
The Toronto-Dominion Bank

Shares listed on The Toronto Stock
Exchange



**Shore to Shore
Corporation Limited**

100 Ottawa Street North
Kitchener, Ontario